

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 8150**

**BILL NUMBER:** SB 578

**DATE PREPARED:** Jan 20, 2001

**BILL AMENDED:**

**SUBJECT:** City and Town Courts.

**FISCAL ANALYST:** Mark Goodpaster

**PHONE NUMBER:** 232-9852

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

- (A) It changes the percentage of court costs distributed to the state and to counties, cities, and towns.
- (B) It provides that a city court in a second or third class city has original, exclusive jurisdiction over misdemeanor cases in which the alleged occurrence of the crime was within the city limits of the second or third class city, unless there is an agreement between the city court and the circuit and superior courts of that county to file or transfer misdemeanor cases to the circuit or superior court.
- (C) It makes a city court in a second or third class city a court of record.
- (D) It provides that a city court in a second or third class city has concurrent jurisdiction with the circuit court in civil cases where the amount in dispute does not exceed \$6,000.
- (E) It increases the civil penalty for a Class D infraction to \$30. It allows a court to retain \$5 of the civil penalty collected for a Class D infraction.
- (F) It makes all child restraint violations Class C misdemeanors.
- (G) It allows a court that assesses court fees to assess a \$25 late fee if the person required to pay the court fees does not pay them in full in the time allotted by the court.
- (H) It repeals a provision that prohibits designation to a violations clerk of infractions involving the required use of a passenger restraint system. It repeals a provision that allows a court to waive court costs and monetary judgment for infractions involving the required use of a child passenger restraint system if the person who committed the infraction possesses or has acquired a child passenger restraint system and does not have a prior judgment for the infraction. It repeals a provision that establishes procedures for a person who appeals a civil judgment of a city court in the three largest cities in a county that has a population between 400,000 and 700,000.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** *Provision A:* The following table shows the revenue loss that would occur

to the state General Fund due to the proposed changes in court fee distributions.

<b>Trial Courts</b>	<b>Revenue Reported</b>	<b>Distribution</b>		<b>New Revenue Distribution</b>	<b>Change in Revenue Dist.</b>
		<b>Current</b>	<b>Proposed</b>		
State General Fund	\$38,791,615	70%	67%	\$37,441,912	(\$1,349,703)
County General Fund	\$15,383,646	27%	28%	\$15,647,366	\$263,720
City or Town Gen. Fund	\$1,708,189	3%	5%	\$2,794,173	\$1,085,984
Total	\$55,883,450	100%	100%	\$55,883,450	\$0
City and Town Courts:					
State General Fund	\$7,080,563	55%	40%	\$5,199,713	(\$1,880,850)
County General Fund	\$2,647,472	20%	30%	\$3,899,785	\$1,252,313
City or Town Gen. Fund	\$3,271,247	25%	30%	\$3,899,785	\$628,538
Total	\$12,999,282		100%	\$12,999,282	\$0
<b>Summary of Effect on Revenue</b>					
State General Fund	\$45,872,178			\$42,641,625	(\$3,230,554)
County General Fund	\$18,031,118			\$19,547,151	\$1,516,033
City or Town Gen. Fund	\$4,979,436			\$6,693,958	\$1,714,522

*Provision B* would result in a revenue loss for the State General Fund of \$32.40 for each misdemeanor case that is tried in a city court rather than in a circuit or superior court. Criminal defendants found guilty of misdemeanor charges are required to pay a court fee of \$120. If the case is tried in a circuit or superior court, the state receives 67% (*Provision A*) or \$80.40, while if the case is tried in a city court, the state would receive 40% (*Provision A*) or \$48.

The number of cases that might be tried in city courts rather than in courts of record is not able to be estimated. In CY 1999, 26% of all misdemeanors were filed in city and town courts, while the other 74% were filed in courts of record.

*Provision D:* Under current law, city courts in both second and third class cities have concurrent civil jurisdiction with the circuit courts in the same county when the amount in dispute is less than \$3,000. Increasing this jurisdiction to \$6,000 could shift some cases from being filed in the courts of record in these counties to the city courts. No information is available concerning the number of civil filings that are between \$3,000 and \$6,000. If more cases are filed in city courts, then some revenue loss will occur to the State General Fund.

The filing fee for civil cases is \$100. The state share of cases filed in courts of record is 67% (*Provision A*) or \$67. The state share of cases filed in city courts is 40% (*Provision A*) or \$40. Consequently for each case that is filed in a city court instead of in a court of record, the State General Fund will lose \$27.

*Provision F* (Child Restraint Violations) potentially increases revenue to the Common School Fund, but could reduce revenue that is deposited in the State General Fund. This is because fines from misdemeanors are deposited in the Common School Fund, while infraction judgements are deposited in the State General Fund. Currently, the maximum judgment for a Class D infraction is \$25 which is deposited into the state General Fund, while the maximum fine for a Class C misdemeanor is \$500 which is deposited into the Common School Fund. Besides the issuance of fines, the sentencing court may assess a court fee if a guilty verdict is entered. The court fee for an infraction is \$70, while the court fee for a misdemeanor is \$120. The

state receives 67% of the court fee (*Provision A*) that is assessed when a guilty verdict is entered and the fee is collected in a court of record and 40% (*Provision A*) if a case is filed in a city or town court.

**Explanation of Local Expenditures:** *Provision C:* The Judicial Report indicates that 47 city courts existed in Indiana as of January 1, 2000. Requiring these courts to include all decisions on record would likely require these cities to invest in additional recording equipment and hire court reporters and clerical staff. The 1999 Judicial Report indicates that of the existing 47 city courts, only 16 city courts had secretaries and six city courts had court reporters.

In addition, judges of circuit, superior, county, and municipal courts in Indiana are required by law to be attorneys. Presumably, judges of all city courts would be required to be attorneys, as well, if city courts are courts of record. Under current law, the following city court judges are already required to be attorneys: Anderson city court, Carmel city court, any city court located in Lake County, Muncie city court, and Noblesville city court.

City courts are funded by court fees, civil penalties, and other administration fees.

*Provision F (Child Restraint Violations):* Local expenditures could increase if offenders are incarcerated in local jails instead of being only fined. A Class C misdemeanor is punishable by up to 60 days in jail. The average daily cost of housing an offender in jail is reported to be \$44. There is no term of imprisonment for an infraction.

**Explanation of Local Revenues:** *Provision A* would increase the revenue that the general funds in counties and municipalities would receive if the distribution of revenue from court fees is changed. (See Explanation of State Revenues.)

*Provision B:* (See Explanation of State Revenues) - For each misdemeanor disposed as a guilty verdict in city courts rather than in courts of record, the local general funds would realize additional revenue of \$32.40 per case.

*Provision D:* (See Explanation of State Revenues) - If more civil cases are filed in city courts rather than in courts of record, the local general funds would realize additional revenue of \$27 per case.

*Provision E:* This provision would increase the amount of revenue that could be collected and used in the operating fund of the court.

*Provision F (Child Restraint Violations):* Local governments could receive additional revenues from any court fees that are collected for cases that were infractions and are now misdemeanors. 28% (*Provision A*) of court fees that are collected are deposited in the county general fund when a guilty verdict is entered for a misdemeanor. Cities and towns maintaining a law enforcement agency that prosecutes at least 40% (*Provision A*) of its ordinance violations in a court of record may receive 5% (*Provision A*) of court fees. From city courts, the county general fund would receive 30% (*Provision A*) of the court fee while the city or town general fund would also receive 25% (*Provision A*).

*Provision G* could add more revenue for local general funds if courts are permitted to assess a \$25 late payment fee. This fee would be assessed for any court fees, fines, or civil penalties if a defendant fails to pay in full any outstanding debts by a date certain as specified by court order. The added revenues from this fee are indeterminable and will depend on how often defendants fail to pay fees, fines, and penalties on time.

**State Agencies Affected:**

**Local Agencies Affected:** City and town courts in the following counties: Allen, Blackford, Boone, Carroll, Clark, Clinton, Dearborn, Dekalb, Delaware, Elkhart, Fountain, Grant, Hamilton, Hendricks, Henry, Huntington, Jasper, Jay, Johnson, Knox, Lake, Madison, Miami, Morgan, Randolph, Ripley, Saint Joseph, Spencer, Starke, Steuben, Tippecanoe, Tipton, Vermillion, Vigo, Wabash, Wayne, Wells, and White

**Information Sources:** 1999 Indiana Judicial Report; Indiana Constitution, Article 7, Section 7; IC 33-13-9-1; IC 33-8-1-18; IC 33-10.1-5-7.